

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2021**

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**HOUSE BILL 18**  
**Committee Substitute Favorable 3/30/21**

Short Title: Local School Admin. Unit Cash Management.

(Public)

Sponsors:

Referred to:

January 28, 2021

A BILL TO BE ENTITLED  
AN ACT TO PROVIDE CERTAIN PUBLIC SCHOOL UNITS ADDITIONAL FLEXIBILITY  
WITH RESPECT TO CASH MANAGEMENT.

The General Assembly of North Carolina enacts:

**PART I. CASH MANAGEMENT FLEXIBILITY FOR CERTAIN PUBLIC SCHOOL UNITS**

**SECTION 1.** G.S. 147-86.12 reads as rewritten:

"(a) Definitions. – As used in this section, the following definitions apply:

(1) Governing body. – The governing body of a public school unit is the following:

a. For a local school administrative unit, the local board of education.

b. For a charter school, the nonprofit corporation board of directors.

c. For a regional school, the regional school board of directors.

d. For an innovative school, the State Board of Education.

(2) Public school unit. – Any of the following, as the terms are defined in Chapter 115C of the General Statutes:

a. A local school administrative unit.

b. A charter school.

c. A regional school.

d. An innovative school.

(b) All public school administrative units and their officers and employees are subject to the provision of G.S. 147-86.11 with respect to moneys required by law to be deposited with the State Treasurer and with respect to moneys made available to the public school administrative unit for expenditure by warrants drawn on the State Treasurer.

(c) Notwithstanding G.S. 147-86.11(f)(1), a public school unit and its officers and employees shall make a final disbursement to the ultimate payee no later than the third business day after the day the public school unit draws upon moneys deposited with the State Treasurer. For purposes of this subsection, "business day" means every day except Saturday, Sunday, or a federal banking holiday.

(d) Notwithstanding G.S. 147-80, a public school unit may deposit moneys drawn on the State Treasurer pursuant to subsection (b) of this section in an official depository designated by the governing body of the public school unit in accordance with Chapter 115C of the General Statutes."

**PART II. CONFORMING CHANGES**



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1           **SECTION 2.(a)** G.S. 115C-75.11 is amended by adding a new subsection to read:

2           "(e) With respect to the receipt, deposit, and disbursement of moneys (i) required by law  
3 to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn  
4 on the State Treasurer, innovative schools are subject to Article 6A of Chapter 147 of the General  
5 Statutes."

6           **SECTION 2.(b)** G.S. 115C-218.105 is amended by adding a new subsection to read:

7           "(g) With respect to the receipt, deposit, and disbursement of moneys (i) required by law  
8 to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn  
9 on the State Treasurer, charter schools are subject to Article 6A of Chapter 147 of the General  
10 Statutes."

11           **SECTION 2.(c)** G.S. 115C-238.70 is amended by adding a new subsection to read:

12           "(e) With respect to the receipt, deposit, and disbursement of moneys (i) required by law  
13 to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn  
14 on the State Treasurer, regional schools are subject to Article 6A of Chapter 147 of the General  
15 Statutes."

16           **SECTION 2.(d)** G.S. 115C-438 reads as rewritten:

17       **"§ 115C-438. Provision for disbursement of State money.**

18           (a) The deposit of money in the State treasury to the credit of local school administrative  
19 units shall be made in monthly installments, and additionally as necessary, at such time and in  
20 such a manner as may be most convenient for the operation of the public school system. Before  
21 an installment is credited, the school finance officer shall certify to the State Board of Education  
22 the expenditures to be made by the local school administrative unit from the State Public School  
23 Fund during the month. This certification shall be filed on or before the fifth day following the  
24 end of the month preceding the period in which the expenditures will be made. The State Board  
25 of Education shall determine whether the moneys requisitioned are due the local school  
26 administrative unit, and upon determining the amount due, shall cause the requisite amount to be  
27 credited to the local school administrative unit. Upon receiving notice from the State Treasurer  
28 of the amount placed to the credit of the local school administrative unit, the finance officer may  
29 issue State warrants up to the amount so certified.

30           Upon notification by the Board of Trustees of the Teachers' and State Employees' Retirement  
31 System to the State Treasurer and the Office of State Budget and Management as to the default  
32 of the local school administrative unit, the State Board of Education shall withhold from any  
33 State appropriation due to the local school administrative unit an amount equal to the sum of all  
34 delinquent contributions and payments due to the Retirement Systems Division and shall transmit  
35 that amount to the Retirement Systems Division.

36           The State Board of Education may withhold money for payment of salaries for administrative  
37 officers of local school administrative units if any report required to be filed with State school  
38 authorities is more than 30 days overdue. The State Board of Education shall withhold money  
39 for payment of salaries for the superintendent, finance officer, and all other administrative  
40 officers charged with providing payroll information pursuant to G.S. 115C-12(18), if the local  
41 school administrative unit fails to provide the payroll information to the State Board in a timely  
42 fashion and substantially in accordance with the standards set by the State Board. The State Board  
43 of Education shall also withhold money used for payment of salaries for the superintendent,  
44 transportation director, and all other administrative officers or employees charged by the local  
45 board of education or the local superintendent with implementing the Transportation Information  
46 Management System, pursuant to G.S. 115C-240(d), if the State Board finds that a local school  
47 administrative unit is not progressing in good faith and is not using its best efforts to implement  
48 the Transportation Information Management System.

49           (b) Notwithstanding any provision of this Article to the contrary, with respect to the  
50 receipt, deposit, and disbursement of moneys (i) required by law to be deposited with the State

Treasurer or (ii) made available for expenditure by warrants drawn on the State Treasurer, local school administrative units are subject to Article 6A of Chapter 147 of the General Statutes.

(c) Money in the State Public School Fund and State bond moneys shall be released only on warrants drawn on the State Treasurer, signed by such local official as may be required by the State Board of Education."

**SECTION 2.(e)** G.S. 147-86.10 reads as rewritten:

**"§ 147-86.10. Statement of policy.**

It is the policy of the State of North Carolina that all agencies, institutions, departments, bureaus, boards, commissions, and officers of the State, whether or not subject to the State Budget Act, Chapter 143C of the General Statutes, shall devise techniques and procedures for the receipt, deposit, and disbursement of moneys coming into their control and custody which are designed to maximize interest-bearing investment of cash, and to minimize idle and nonproductive cash balances. This policy shall apply to the General Court of Justice as defined in Article IV of the North Carolina Constitution, the public school ~~administrative units,~~ units as defined in G.S. 147-86.12, and the community colleges with respect to the receipt, deposit, and disbursement of moneys required by law to be deposited with the State Treasurer and with respect to moneys made available to them for expenditure by warrants drawn on the State Treasurer. This policy shall include the acceptance of electronic payments in accordance with G.S. 147-86.22 to the maximum extent possible consistent with sound business practices."

**SECTION 2.(f)** G.S. 147-86.11(f)(1) reads as rewritten:

"(1) Moneys deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate ~~payee.~~ payee, except as provided in G.S. 147-86.12."

### **PART III. EFFECTIVE DATE**

**SECTION 3.** This act is effective when it becomes law.